



General Assembly

February Session, 2022

Raised Bill No. 359

LCO No. 2153



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

***AN ACT CONCERNING THE INSURANCE DEPARTMENT'S
RECOMMENDATIONS REGARDING THE STANDARD
NONFORFEITURE LAW FOR LIFE INSURANCE.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 38a-440 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2022*):

4 (c) The minimum values as specified in subsections (d), (e), (f), (g)
5 and (i) of this section of any paid-up annuity, cash surrender or death
6 benefits available under an annuity contract shall be based upon
7 minimum nonforfeiture amounts as defined in this subsection: (1) The
8 minimum nonforfeiture amount at any time at or prior to the
9 commencement of any annuity payments shall be equal to an
10 accumulation up to such time at rates of interest, as indicated in
11 subdivision (3) of this subsection, of the net considerations, as defined
12 in this subsection, paid prior to such time, decreased by the sum of (A)
13 any prior withdrawals from or partial surrenders of the contract
14 accumulated at rates of interest as indicated in subdivision (3) of this

15 subsection; (B) an annual contract charge of fifty dollars, accumulated
 16 at rates of interest as indicated in subdivision (3) of this subsection; and
 17 (C) the amount of any indebtedness to the company on the contract,
 18 including interest due and accrued. (2) The net considerations for a
 19 given contract year used to define the minimum nonforfeiture amount
 20 shall be an amount equal to eighty-seven and one-half per cent of the
 21 gross considerations credited to the contract during that contract year.
 22 (3) The interest rate used in determining minimum nonforfeiture
 23 amounts shall be an annual rate of interest determined as the lesser of
 24 three per cent per annum or the rate calculated pursuant to
 25 subparagraphs (A) to (D), inclusive, of this subdivision, which shall be
 26 specified in the contract if the interest rate will be reset: (A) The five-
 27 year Constant Maturity Treasury Rate reported by the Federal Reserve
 28 as of a date, or average over a period of time, rounded to the nearest
 29 one-twentieth of one per cent, specified in the contract no later than
 30 fifteen months prior to the contract issue date or redetermination date
 31 under subparagraph (D) of this subdivision; (B) reduced by one
 32 hundred twenty-five basis points; (C) where the resulting interest rate
 33 is not less than [one per cent] 15 basis points which equals 0.15 per cent;
 34 and (D) where such interest rate applies for an initial period of time and
 35 may be redetermined for additional periods of time. The
 36 redetermination date, basis and period, if any, shall be stated in the
 37 contract. The basis is the date or average over a specified period of time
 38 that produces the value of the five-year Constant Maturity Treasury
 39 Rate to be used at each redetermination date. (4) During the period of
 40 time or term that a contract provides substantive participation in an
 41 equity indexed benefit, the contract may increase the reduction
 42 described in subparagraph (B) of subdivision (3) of this subsection by
 43 an amount up to an additional one hundred basis points to reflect the
 44 value of the equity index benefit. The present value at the contract issue
 45 date, and at each redetermination date thereafter, of the additional
 46 reduction shall not exceed the market value of the benefit. The
 47 commissioner may require a demonstration that the present value of the
 48 additional reduction does not exceed the market value of the benefit. If
 49 there is no such demonstration that is acceptable to the commissioner,

50 the commissioner may disallow or limit the additional reduction. (5)
51 The commissioner may adopt regulations, in accordance with chapter
52 54, to implement the provisions of subdivision (4) of this subsection and
53 to provide for further adjustments to the calculation of minimum
54 nonforfeiture amounts for contracts that provide substantive
55 participation in an equity index benefit and for other contracts for which
56 the commissioner determines adjustments are justified.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022</i>	38a-440(c)

INS *Joint Favorable*